Welcome to IPERS
Iowa Public Employees’ Retirement System

For New IPERS Members and Those Considering IPERS Membership
YOUR GUIDE TO IPERS MEMBERSHIP BENEFITS

Regardless of your retirement plans or anticipated retirement age, you want a financially secure retirement. IPERS helps provide the security you need through guaranteed benefits.

Unlike benefits from other retirement plans, IPERS benefits aren’t tied to the performance of the stock market. With IPERS, you don’t need to make complicated investment decisions for your retirement dreams to become a reality.

Your IPERS benefits are only one part of your overall retirement savings. Your total retirement income will come from a combination of your IPERS benefits, Social Security and personal savings.

This booklet briefly explains certain rights and benefits of IPERS membership. It is not a substitute for federal and state laws governing IPERS, which provide complete information and are subject to change. Although IPERS makes every attempt to ensure its materials are accurate and up to date, any conflict between the contents of the booklet and law must be resolved in favor of the law. The Member Handbook provides a more detailed description of IPERS benefits. It is available at www.ipers.org.
A Plan Designed for You

The IPERS plan is a defined benefit pension plan. The lifetime monthly benefit you receive is predictable and stable because it is calculated using a formula. Your benefits grow with you throughout your IPERS-covered employment. As your years of service and salary increase, your IPERS benefits grow too.

IPERS, a public agency, was established for the purpose of providing a retirement plan to public employees throughout Iowa. As a public agency, IPERS’ goals are aligned with members’ goals.

IPERS benefits are designed to supplement personal savings and Social Security benefits in retirement. IPERS benefits also offer financial protection for families in the event of death or disability. Enrolling in IPERS is easy — coverage is automatic for most employees.

SECURE AND DEPENDABLE RETIREMENT BENEFITS

No hassle, no risk — guaranteed! IPERS uses a formula to calculate your benefits, providing you with guaranteed lifetime retirement benefits. Your benefits aren’t tied to the performance of the stock market, so you don’t have to worry about riding out bumps in the market. IPERS takes on all the investment risk, providing you retirement benefits you can depend on.
IPERS Membership

Strength in Numbers: Our Membership

IPERS covers most Iowa public employees. With more than 360,000 members and approximately 2,000 employers, IPERS is the largest public retirement system in Iowa. IPERS offers retirement benefit stability and security members can count on.

Most public employees in Iowa automatically become members of IPERS when they start employment with an IPERS-covered employer. Covered employers include:

- Schools
- Counties
- State agencies
- Cities
- Townships
- Other public employers

A list of positions eligible to choose not to participate in IPERS is on page 11.

Did you know? One in 10 Iowans is an IPERS member.

Membership Groups

IPERS has three membership groups:

- Regular membership group (which makes up about 95% of the membership)
- Sheriff/Deputy membership group
- Protection Occupation membership group

Members of the Sheriffs/Deputies and Protection Occupations group are known as Special Service members. These members work in public safety occupations. Their careers tend to be shorter because of the physical demands of their jobs.

The retirement benefits offered to each membership group have some differences. The IPERS Member Handbook provides a more detailed description of benefits.
Contributing to IPERS

Both you and your employer contribute to IPERS. IPERS invests the contributions and holds the investment income in a Trust Fund for the exclusive purpose of paying benefits to members and their beneficiaries. Seventy percent of benefits paid come directly from investments.

The Iowa Legislature and Governor determine the covered positions in each membership group and the benefits provided.

IPERS sets contribution rates as part of its annual actuarial valuation, which applies actuarial assumptions and IPERS’ funding policy. The rate for Regular members can increase or decrease by no more than 1.0 percentage point each year.

Rates for all membership groups are released and posted on www.ipers.org in November. New rates take effect the following July 1.

Benefits of Contributing to IPERS

- **Automatic retirement savings.** Automatic deductions from your paycheck ensure you set aside retirement savings.
- **Guaranteed Lifetime Benefit.** The lifetime monthly benefit you receive is predictable and stable.
- **Pretax deductions.** Your contributions reduce your taxable income.
- **It’s easy.** IPERS takes on all the investment risk. You don’t have to worry about stock market fluctuations.

IPERS is a prefunded retirement plan. That means the money employees contribute today is pooled and invested so it can grow and pay for their own future benefits.
Membership Rewards

Saving for retirement is important. IPERS benefits are designed to supplement personal savings and Social Security benefits. Consider these rewards of IPERS membership.

Security
IPERS is a well-funded retirement plan. IPERS’ administration and an independent actuary scrutinize IPERS’ financial statements yearly. IPERS’ administrators evaluate the retirement plan’s sustainability and request changes when appropriate.

Accountability
The Iowa Legislature and Governor are the plan sponsors for IPERS. The Legislature authorizes spending from the Trust Fund for administrative expenses. IPERS closely monitors and negotiates investment management expenses and operates with a small and efficient staff. Annual financial statements on the Trust Fund are available at www.ipers.org.

Worry-Free Benefits
As a defined benefit plan, IPERS provides lifetime benefits. IPERS cannot lower benefits members have already earned. The amount of your benefit is based on a formula that includes your years of service, age, and average salary. With a defined contribution plan, such as a 401(k) or 403(b) plan, you take on the investment risk. Benefit amounts are not guaranteed or easy to predict.

A Safety Net
IPERS provides death and disability benefits. These benefits protect you and your family.

Portability
You are always entitled to 100% of your IPERS contributions and interest earnings. If you change jobs to another IPERS-covered position, you can keep your IPERS coverage. If you start working for a non IPERS-covered employer, you may leave your money in IPERS or take a refund. You can roll over your IPERS refund to another qualified retirement plan.

If you are vested and decide not to leave your money in IPERS, you will receive a portion of your employer’s contribution (based on your years of service) along with your own contribution. You become a vested IPERS member when you have seven years of service or when you reach age 65 while in covered employment, whichever occurs first.

Members vested with seven years of service can purchase IPERS service at retirement using personal funds or by rolling over money from a qualified retirement plan.

Resources
IPERS helps you plan for a secure retirement. You can speak one-on-one with a representative — either in person or over the phone and internet — who can answer your questions and address your individual situation.

“The IPERS plan works for me. Making contributions is effortless, and I know I’ll get a benefit for the rest of my life.”

— IPERS MEMBER, AGE 22, STARTING PUBLIC SERVICE CAREER
For New Members and Those Considering Membership

The formula used to calculate the annual IPERS benefit for all members, except Special Service members, includes:

- **YOUR AVERAGE SALARY**
- **A MULTIPLIER**
- **AN EARLY-RETIREMENT REDUCTION**
  only if you don’t meet normal retirement age when you start receiving benefits.

Your **average salary** is the average of your highest five years’ salaries. IPERS tests your earnings for wage spiking to prevent overpaying your benefits. Your average salary will be decreased if wage spiking has occurred.

Normal retirement age is one of the following (whichever comes first):

- **Age 65**
- **Age 62** if you have 20 or more years of service (Rule of 62/20)
- **When** your years of service plus your age equals or exceeds 88 (Rule of 88)

If you choose to begin receiving benefits before normal retirement age, a permanent **early retirement reduction** will apply to your benefit. The reduction is 0.5% for each month (or 6% a year) you receive benefits before age 65.

Your **multiplier** increases with every year you work in IPERS-covered employment. Purchasing IPERS service also increases your multiplier. The maximum multiplier is 65%.

The **Bottom Line:**

**What’s the Payout?**

- Your **average salary**
- **Multiplier**
- **Reduction, If Any**

Your **Annual IPERS Benefit** is:

- Based on your individual factors.
- Affected by early retirement.
- Guaranteed for life.
Member Resources

IPERS exists exclusively to provide retirement security for you. We strongly encourage you to take advantage of our resources:

• **Knowledgeable representatives are here to help you.** Call IPERS at 515-281-0020 or 800-622-3849. Or you can schedule an appointment to meet with an IPERS representative face-to-face.

• **Annual benefits statements provide personal benefit information.** Each year, you will receive a benefits statement that summarizes your service credits, reported wages, contributions, estimated amount of benefits and beneficiary information. You may also request a more detailed benefit estimate of your retirement benefits.

• **Educational sessions allow you to learn more about IPERS.** Our schedule of online and face-to-face presentations is available at www.ipers.org.

• **Retirement planning tools and resources available at www.ipers.org.** Our website provides retirement planning tools and calculators, downloadable forms and various IPERS benefit publications. You can also access your personalized benefit information at www.ipers.org/myaccount.
## Defined Benefit & Defined Contribution Plans: What’s the Difference?

IPERS is committed to helping our members make sense of retirement planning. The chart below is designed to help you sort out the differences between IPERS (a defined benefit pension plan) and defined contribution retirement funds — most common are 401(k) and 403(b) plans.

If your employer allows you to choose between IPERS and a defined contribution plan, use this tool to determine the best choice for you. IPERS benefit counselors are available to help you understand your options. You will also find a great deal of information at www.ipers.org.

### Defined Benefit Pension Plan vs. Defined Contribution Plans

<table>
<thead>
<tr>
<th><strong>Defined Benefit Pension Plan</strong></th>
<th><strong>Defined Contribution Plans</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Guaranteed Benefit</strong></td>
<td><strong>Guaranteed Benefit</strong></td>
</tr>
<tr>
<td>YES. Your benefit is guaranteed for life, no matter how long you live and no matter how the investments perform.</td>
<td>NO. Your benefit fluctuates depending on the amount in your account and how your investments perform.</td>
</tr>
<tr>
<td><strong>Monthly Benefit</strong></td>
<td><strong>Monthly Benefit</strong></td>
</tr>
<tr>
<td>STABLE. Your benefit amount is determined by a formula based on years of service and your average salary. Once determined, your amount will not change.</td>
<td>UNPREDICTABLE. Your benefit is based on your contributions, any employer contributions and any investment earnings or losses (minus any withdrawals or loans received).</td>
</tr>
<tr>
<td><strong>Investment Risk</strong></td>
<td><strong>Investment Risk</strong></td>
</tr>
<tr>
<td>IPERS takes on all the investment risk. Your benefit amount is not affected by stock market fluctuations.</td>
<td>YOU take on all the investment risk. You are responsible for investment decisions and monitoring.</td>
</tr>
<tr>
<td><strong>Vesting</strong></td>
<td><strong>Vesting</strong></td>
</tr>
<tr>
<td>100% in your contributions. Once you become vested, you gain access to a greater percentage of your employer’s contributions with each year you contribute to IPERS. You become vested after seven years of service, or when you reach age 65 while in IPERS-covered employment.</td>
<td>100% in your contributions. Vesting in your employer’s contributions varies by the employer (plan sponsor). For example, some plans allow a gradually increasing percentage of vesting for several years before you reach 100%.</td>
</tr>
<tr>
<td><strong>Withdrawals &amp; Loans</strong></td>
<td><strong>Withdrawals &amp; Loans</strong></td>
</tr>
<tr>
<td>NOT AVAILABLE. Your IPERS funds are not available to withdraw or borrow against. Only when you leave covered employment may you withdraw your money. This is an important difference between IPERS and defined contribution plans.</td>
<td>TYPICALLY AVAILABLE. Most defined contribution plans allow for withdrawals and loans. However, withdrawals and loans will significantly reduce future benefits that will be needed in retirement.</td>
</tr>
<tr>
<td><strong>Portability</strong></td>
<td><strong>Portability</strong></td>
</tr>
<tr>
<td>YES. If you leave IPERS-covered employment, you can roll over your money to another qualified retirement plan, take a refund or leave it with IPERS until a later date.</td>
<td>YES. Your vested funds may be rolled over to another qualified retirement plan.</td>
</tr>
<tr>
<td><strong>Death Benefits</strong></td>
<td><strong>Death Benefits</strong></td>
</tr>
<tr>
<td>YES. IPERS provides pre and postretirement death benefits. Beneficiaries can roll over IPERS death benefits to qualified retirement plans.</td>
<td>YES. Your account balance will transfer to your beneficiary(ies) when you die.</td>
</tr>
<tr>
<td><strong>Disability Benefits</strong></td>
<td><strong>Disability Benefits</strong></td>
</tr>
<tr>
<td>YES. IPERS provides disability benefits if you meet certain qualifications.</td>
<td>NO. Defined contribution plans do not usually provide disability benefits.</td>
</tr>
<tr>
<td><strong>Fees &amp; Expenses</strong></td>
<td><strong>Fees &amp; Expenses</strong></td>
</tr>
<tr>
<td>INCLUDED. All fees and expenses are paid by the IPERS Trust Fund and do not affect the amount of your benefit payment.</td>
<td>TYPICALLY HIGH. All fees and expenses are distributed across accounts or taken directly from individual balances.</td>
</tr>
</tbody>
</table>

Pension benefits promote a high level of public service through the recruitment and retention of a professional workforce; disability benefits provide retirement income security to public employees who are unable to work for an extended period.

— NATIONAL ASSOCIATION OF STATE RETIREMENT ADMINISTRATORS
Optional Membership

Alternative Retirement Plan Coverage

Iowa state law provides that employees of certain employers are IPERS-covered unless they decide to participate in an authorized alternative retirement plan sponsored by their employer.

Eligible employees of the following employers may make an alternative retirement plan election as follows:

- **Community Colleges.** Eligible employees are IPERS-covered unless they elect to participate in an eligible alternative retirement plan.

- **State Board of Regents.** Eligible employees are IPERS-covered unless they elect to participate in a retirement system qualified by the Board that meets the criteria of Iowa Code section 97B.2. Many positions at the Regents institutions are not immediately eligible for the alternative plan coverage.

- **Water Utilities.** Eligible municipal water utility employees are IPERS-covered unless they elect to participate in an alternative plan authorized under Iowa Code chapter 412.

Each IPERS-covered employer that offers alternative plan coverage defines their own retirement plan election process. Regardless of your organization’s process, you will be IPERS-covered if you do not choose another plan within 60 days from the date of hire (or initial eligibility, if later).

Positions Eligible to Decline IPERS Coverage

Some specific positions may choose not to participate in IPERS, regardless of whether their employer offers an alternative plan. A full list of these positions is on the following page.
Positions Eligible to Decline IPERS Coverage

The following employees may decline IPERS coverage within the first 60 days of employment. For many people, however, IPERS coverage may be the best alternative. If you decline IPERS coverage, your decision cannot be reversed.

- Employees hired by the Board of Regents, including state universities
- Employees of community colleges
- City managers
- City administrators performing the duties of city managers
- Legislators
- Temporary legislative employees
- Magistrates
- Part-time elected officials
- Elected officials paid on a fee basis
- Elected officials of school districts
- Elected officials of townships
- Nonvested employees of levee and drainage districts
- Employees of community action agencies
- Members of the ministry, rabbinate or other religious orders who have taken a vow of poverty
- Members of the Iowa Transportation Commission
- Members of the Iowa Board of Parole
- Members of the Iowa Health Facilities Council
- Employees of the Board of Trustees of the Municipal Fire and Police Retirement System of Iowa
- Employees of a municipal water utility or waterworks

WEIGH YOUR OPTIONS CAREFULLY

If you opt out of IPERS coverage, your decision cannot be reversed.

You may only adjust your election if you:
- Have an eligible break in service, such as a bona fide retirement, and return to the same employer at a later date. This reemployment cannot be prearranged.
- Are elected to a different position with the same covered employer.
- Accept a different eligible position with a different covered employer.